

REMARKS

Claims 1, 5, and 7-23 remain in this application. Claims 2-4 and 6 are hereby canceled without prejudice or waiver of the right to pursue the subject matter of said claims in this or another application. Claims 1, 5, 7-8, 15, 18 and 21-23 are hereby amended. All other claims remain the same. Reconsideration of the claims as presented is requested.

Claim 1 has been amended to eliminate the preamble of element b. and specify more clearly which of the elements are required and which are optional in the claimed system. Support for this language is inherently found in original claim 2, which specified, “at least two of the logic engines are present”. Subsection b.i. (now c.) has been renamed as subsection c. and amended to specify that the transaction client agent resides on a node “distinct from and at a different locale than the nodes of the first and the second party” and to eliminate “another node of another system” and to specify receipt of data from a “payment processing gateway”. Support for this language is found in original subsection b.iii. and original claim 3 and in the specification as originally filed (pg. 14, lines 14-27; pg. 20, line 25 to pg. 21, line 8; pg. 22, line 15, pg. 24, line 17-26). Subsection b.ii. (now d.) has been amended to specify that the third party fee calculation agent can also transmit data to the “third party fee fulfillment client logic engine”. Support for this subject matter is found in the specification as filed (pg. 17). Subsection b.iii. (now e.) has been amended to reconcile its language with amended subsection b.ii as detailed above. New subsection f. was added to clarify the definition of a node and more clearly identify the first and second parties. Support for this language is found in the specification as filed (page 18, lines 8-9; page 21, lines 4-5) and original claim 6.

Claims 21-23 have been amended to add some of the same language added to claim 1. Support for the added subject matter is as set forth herein.

Claims 1, 15, 18, and 21-23 have been amended to provide correct antecedent basis within and across the claims and reconcile the language of the claims such that the phrase “client agent” has been replaced with the term “client logic engine” as appropriate. Applicants note that the term “client logic” is found the specification (Summary of the Invention) and original claims.

Claims 5 and 7 have been amended to change the dependency thereof due to claim cancellations.

Claim 8 has been amended to correct grammatical errors.

Claim 21 has been amended to specify that the transaction client logic engine receives one or more data packets from a “payment processing gateway”. Support for this subject matter is as set forth above for claim 1.

Claim 8 stands objected to due to formalities. Applicants have amended claim 8 as suggested by Examiner. Applicants respectfully submit that this rejection has been overcome and request that it be withdrawn.

Claims 21-23 stand rejected under 35 U.S.C. 101 as being directed to non-statutory subject matter for failure to recite computer-readable medium. Insofar as it may apply to the present claims, this rejection is traversed.

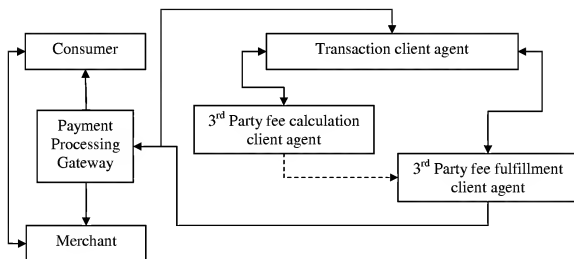
The preamble of claims 21-23 specify “a ... agent residing on a node within a wide area network”. Accordingly, the system comprises hardware (node) and software (agent). Applicants note that a node is defined in the specification (pg. 21, lines 4-6) as being independently selected at each occurrence from a computer, server or gateway, each of which inherently comprises a machine-readable medium or memory. Applicants have amended claims 21 to 23 to define the node, said claims having previously been defined to require a node. Applicants have also amended claim 1 to define the node.

Accordingly, Applicants submit that this rejection has been overcome and request that it be withdrawn.

Claims 1-16 and 18-23 stand rejected under 35 U.S.C. 102(e) as being anticipated by Sullivan et al. (U.S. Publication No. 2003/0093320). Insofar as it may apply to the present claims, this rejection is traversed.

For the purpose of clarification, Applicants note that the first party and second party named in each of the independent claims are generally the consumer/purchaser and merchant (service provider and/or goods provider), respectively, as parties to a transaction. The transaction client agent resides on a node that is distinct from (away from, at a different location/locale than) the nodes of the first and second parties. The transaction client agent receives from a payment processing gateway (that communicates with the consumer and/or merchant) transaction information (in information packets) regarding the transaction (between the consumer and merchant), analyzes the information, and determines of what action needs to be taken in terms of

to which other client agent or node (a third party fee calculation client agent or third party fee fulfillment calculation agent) the information should be transmitted (subsection c.). The third party fee calculation client agent (again on a node different than the consumer or merchant node) receives information from the transaction client agent and determines if third party fees are owed and then transmits another information packet back to the transaction client logic agent or to a third party fee fulfillment client agent (subsection d.). The third party fee fulfillment client agent (again on a node different than the consumer or merchant node) receives information from the transaction client agent or the third party fee calculation agent, determines the third party fees owed, effects deduction of third party fees from funds flowing between the consumer and merchant, and effects transfer of third party fees to the third party(ies) (subsection f.). Generalized flowcharts depicting the relationship between the parties and data transfer is detailed in FIGS. 1-4, 9, 11 and 13 and more generally in the exemplary embodiment depicted in the logic flowchart below.



The flow of information and funds as detailed in the claims, the figures and the diagram above is different than as disclosed or suggested by Sullivan et al.

Applicants respectfully submit that Examiner appears to be mischaracterizing the disclosure of Sullivan et al., which is primarily directed to a complex tax compliance system. Sullivan discloses that the tax compliance system is not located within the systems of the seller. Sullivan discloses a system that is external to those of the merchant and that performs tax

compliance functionalities; however Sullivan requires that his tax system receive transaction data from the seller's computer network, and then transmits the tax data back to the seller's computer network (the original input source of the transaction) [Para 0005]. The compliance system records the tax data in order to: (i) complete a tax return; (ii) defend an audit; and (iii) provide tax planning data. [Para 0005] Sullivan's system is a control center that manages the different components of tax compliance - it (i) receives data from the accounting system; (ii) processes and calculates taxes owing; (iii) returns taxes owing to the accounting system; (iv) stores tax data; which leads to (iv) generate tax returns and load them to the systems of the state tax agency; and (v) generate payment instructions to the banking system.

[0005] Transaction tax compliance burdens can be eased through application of a transaction tax compliance system that allows sellers or purchasers to calculate, record, and report the tax liabilities for transactions. Sellers and purchasers, through their billing or purchasing systems, cash registers, and/or websites, may transmit transaction data to one or more centralized processors through telecommunications technology or via their own computer networks. The transaction tax compliance system thereafter calculates the appropriate tax liability for the transaction by determining at least one of the following: 1) whether a taxable event has occurred, 2) where the taxable event occurred, 3) whether the transaction is subject to standard or special transaction tax laws or rules, and 4) who is responsible for reporting and remitting the tax liability. The tax liability is then transmitted back to the input source of the transaction for application to a sales order, purchase order, invoice, ecommerce checkout screen, or other transaction documentation. The transaction tax compliance system also records the tax liability for use in completing a tax return, defending an audit, or tax planning.

Effectively, Sullivan's system is the hub of a complex hub and spoke compliance system. This system was in use for many years before Sullivan's invention, in the form of a complex tax compliance system located within the seller's infrastructure. Sullivan placed the system outside of the seller's infrastructure; however, Sullivan still requires that the tax compliance system return the data back to the seller's system.

Applicants acknowledge that the compliance system of Sullivan may be linked to the banking network and the tax authorities, which will allow the system to manage remitting tax liability and filing tax returns. [Para 007]

[0007] The transaction tax compliance system may be linked to the banking network as well as to a computer systems used by tax authorities. This linkage would allow for the calculation, collection, recording, reporting, and remitting of a transaction tax liability through the transaction tax compliance system. Such a configuration would allow tax authorities to provide and monitor the transaction tax information applied by sellers and

purchasers to an extent not possible today.

The Sullivan system, however, is still required to communicate directly with the systems of the seller to receive transaction data and to return tax liability data.

On the other hand, the instant claimed system is located in the financial transaction system, it does not directly communicate with the systems of the seller. This may seem trivial, however it is extremely complex to deliver upon.

The disclosed compliance system of Sullivan might be used to remit taxes; however, Sullivan does not disclose his system actually playing a role within the flow of funds between the buyer and seller. More specifically, in the Sullivan system, the compliance system returns tax amounts to the seller's system, to be integrated into the invoice. The Sullivan system is then used to collect / remit taxes. The seller's system collects the transaction amount (PLUS taxes) from the buyer. Sullivan does not disclose that his system is involved in this part of the transaction. Sullivan does not disclose a system actually integrating the taxes into the transaction data / invoiced amount, to be collected from the buyer as a single amount. This is contrasted with the disclosed invention in which the compliance system is integrated within the banking / credit card system and flow of data. As a consequence, the retailer sends into the banking / credit card system a transaction amount that may NOT include taxes owing. The banking / credit card system is supposed to charge the account of the buyer with this transaction amount. HOWEVER, in the instant claimed system intervenes in the midst of this flow of data, to perform the compliance functionality and ADD the taxes calculated into the transaction amount. The banking / credit card system then charges the buyer's account with this AGGREGATE amount, not just the transaction amount that the seller originally sent out, as done by Sullivan.

As detailed in claim 1 (which is diagramed in the flow chart above), the flow of information is different than the flow of information set forth by Sullivan. Accordingly, the logic required to achieve such differences in data flow, to manipulate the data, provide calculation and determination of third party fees and to effect fulfillment of third party fees are different than as disclosed or suggested by Sullivan.

With regard to claim 21, Sullivan does not disclose or suggest a transaction client logic engine that "receives from a payment processing gateway one or more transaction data information packets related to one or more wide area network transactions between a first party

and a second party... wherein the transaction client logic engine resides on a node of a wide area network and at a different locale than the first party and second party.” The third party fee calculation logic engine of Sullivan requires direct communication with the merchant’s/seller’s node. There is no payment processing gateway between the consumer and merchant of Sullivan, in particular a payment processing gateway between the node of the transaction client logic engine and the nodes of the consumer and merchant.

With regard to claim 22, Sullivan does not disclose or suggest a third party fee calculation client logic engine that “receives one or more information packets from a transaction client logic engine” and “transmits to the transaction client logic engine a transaction data information packet including said third party fees owed”, wherein “the third party fee calculation client logic engine resides on a node with a wide area network distinct from and at a different locale than the nodes of a first party and a second party.” The third party fee calculation logic engine of Sullivan requires direct communication with the merchant’s/seller’s node. There is no transaction client logic engine with which the third part fee calculation logic engine of Sullivan communicates transaction data.

With regard to claim 23, Sullivan does not disclose or suggest third party fee fulfillment client logic engine that “receives from a transaction client logic engine or a third party feed calculation client logic one or more information packets”, “causes the deduction of the third party fees owing from funds transferred between the first and the second party”, “causes the transfer of the third party fees to said one or more third parties”, AND “resides on a node with a wide area network distinct from and at a different locale than the nodes of a first party and a second party.”

Accordingly, Sullivan does not disclose the invention as claimed. Applicants respectfully submit that this rejection has been overcome and request that it be withdrawn.

Claim 17 stands rejected under 35 U.S.C. 103(a) as being unpatentable over Sullivan. Examiner argues Sullivan discloses an authorization and capture client agent. Insofar as it may apply to the instant claims, this rejection is traversed.

Applicants’ comments above regarding the disclosure of Sullivan are equally applicable here as well. Applicants note that Sullivan fails to disclose an integrated system having the three different types of client agent of the instant claims, wherein the system determines whether or not third party amounts are owed and also affects payment of such amounts.

Applicants respectfully submit that this rejection has been overcome and request that it be withdrawn.

In view of all the foregoing, Applicants respectfully submit that they have made a diligent effort to place the application in form for allowance. An early notice thereof is respectfully requested.

Respectfully submitted,

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